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BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET ROOM

IN THE MATTER OF THE PETITION OF TEL WEST
COMMUNICATIONS, LLC FOR WAIVER OF THE
REQUIREMENT TO OBTAIN A PERFORMANCE
BOND OR IRREVOCABLE LETTER OF CREDIT

Docket No.

04-00272

August 30, 2004

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TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

In Case No 01-00531, dated July 10, 2001, the TRA granted approval of the petition of HTR&L Enterprises, d/b/a Classic Telephone ("Classic"), Company ID 128398, to change its company name to Tel West Communications, LLC ("Tel West"). On July 17, 2001, the TRA sent a letter to Tel West citing Tennessee Code Annotated, Section 65-4-125(j), which requires telecommunications providers to obtain either a corporate surety bond or an irrevocable letter of credit in the amount of \$20,000. Tel West obtained the required bond and has provided resold telecommunications services in Tennessee since July 2001. On July 30, 2004, Tel West received notification from Hartford Fire Insurance Company that its Tennessee bond will expire effective October 16, 2004, and will not be renewed. Tel West also received a letter from the TRA, dated August 13, 2004, advising that the TRA had been notified of the cancellation of Tel West's bond, and directed Tel West to obtain either a replacement corporate surety bond or an irrevocable letter of credit in the amount of \$20,000 no later than September 30, 2004 to avoid being subjected to sanctions, including possible revocation of Tel West's certificate of convenience and necessity in Tennessee.

1 For the reasons stated below, Tel West believes that the requirement for a bond or
2 letter of credit to replace its expiring bond is not necessary, and that this requirement should
3 be waived. Tel West provides the following information and facts to support its request for
4 waiver of this requirement.
5

6 At the time of Tel West's acquisition of Classic in July 2001, the number of
7 customers served was 630. The number of customers served has continued to decline since
8 that time to only 53 customers in July 2004. This steady decline in the number of Tel West
9 customers in Tennessee customers is the result of a change in the business plans of the
10 company, which includes no advertising to obtain new Tennessee customers, and no efforts
11 or attempts to retain existing ones. It is the intention of Tel West to continue providing
12 service in Tennessee only until all of its existing customers disconnect (or fail to renew)
13 service, which is happening at the rate of about 10 per month. At this rate of attrition, there
14 will be no remaining Tel West customers in Tennessee by the end of first quarter 2005 or
15 sooner.
16

17
18 During the three years that Tel West has provided service in Tennessee, there have
19 been no customer complaints, and there have been no claims made against its performance
20 bond.

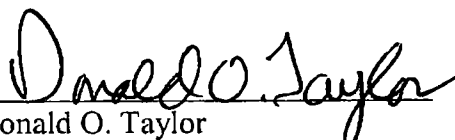
21 Given the above facts, it is not reasonable to require Tel West to obtain either a new
22 \$20,000 performance bond (or equivalent irrevocable letter of credit) to replace its current
23 bond, which is scheduled to expire October 16, 2004. It is the understanding of Tel West
24 that the TRA has the authority to waive this requirement under the provisions of the Rules of
25 the Tennessee Public Service Commission, Division of Public Utilities, Chapter 1220-1-1-
26 05, "Waiver of Rules."

1 Tel West therefore respectfully requests waiver of the requirement to obtain either a
2 performance bond or irrevocable letter of credit, on the grounds that:

- 3 1) The bond or letter of credit amount requested far exceeds the amount
4 necessary to protect the prepayments of such a small number of customers;
5
6 2) The service performance record of Tel West in Tennessee shows no
7 indication that its customers are at any risk of losing service before the end of
8 their prepaid service period.
9
10 3) It is the expectation that Tel West will no longer be providing service in
11 Tennessee beyond the end of first quarter 2005.
12
13 4) The TRA has the authority to waive this requirement.

14 RESPECTFULLY SUBMITTED this 30th Day of August, 2004

15 By:

16 
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